INCOMING TELEGRAM *Department of State*

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DEPARTMENT OF STATE A/CDC/HR
REVIEWED BY WG DATE 6 MAY 1982
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S E C R E T JULY 21

PARIS FOR JAMES AND BURNS.

USDOCOSOUTH FOR BURRIS.

LAST NIGHT'S SWEARING-IN OF 5 NEW MINISTERS (EMBTEL 99) GAVE SLIGHT PSYCHOLOGICAL BOOST TO NOVAS GOVT AND INDICATES THAT WITH ALL MAJOR POSTS NOW FILLED, NEW GOVT LIKELY TO SURVIVE UNTIL PARLIAMENT RECONVENES JULY 30.

AS CRISIS TOUCHED OFF BY PAPANDREOU OUSTER GOES INTO SECOND WEEK, PRESSURES WITHIN CU FOR SOLUTION TO CURRENT DILEMMA APPEAR TO BE INCREASING. TWO FORMER MEMBERS OF PAPANDREOU CABINET, UNDER MINISTERS PAPACONSTANTINOU (DEFENSE) AND SPANORIGAS (COMMERCE), TOLD EMBASSY OFFICER TODAY THAT ONLY WAY OUT OF IMPASSE IS FORMATION OF GOVT UNDER FORMER DEPUTY PRIMIN STEPHANOPOULOS. SINCE BOTH FIGURES ARE PUBLICLY IDENTIFIED AS STRONG SUPPORTERS OF PAPANDREOU, THEY WOULD APPEAR TO REFLECT BEGINNING OF DRIFT AWAY FROM PAPANDREOU LINE THAT SOLUTION TO PROBLEM IS RETURN OF FORMER PRIME MINISTER.

FROM TALKS WITH THESE AND MANY OTHER FIGURES IN CU, IT APPEARS THAT GREAT MAJORITY OF DEPUTIES IN PARTY ARE INCREASINGLY COMING TO REALIZE THAT LIKELIHOOD OF PAPANDREOU'S RETURNING TO GOVT - - AT LEAST IN IMMEDIATE FUTURE - - IS DECREASING WITH EACH PASSING DAY. FURTHER, THERE IS UNEASY AWARENESS THAT SINCE KING UNALTERABLY OPPOSED TO PAPANDREOU'S RETURN AND TO ELECTIONS, ONLY WAY THESE GOALS COULD BE ACHIEVED WOULD BE THROUGH EXTREMIST POLICY, WHICH WOULD INCLUDE MASS DEMONSTRATIONS, STRIKES, ETC. AS WELL AS COOPERATION WITH THE LEFT. VAST MAJORITY OF DEPUTIES WOULD VIEW SUCH COURSE WITH DISTASTE AND APPREHENSION. ON OTHER HAND, POPULARITY OF PAPANDREOU (REAFFIRMED BY LAST MONDAY'S RALLY IN ATHENS) IS UNQUESTIONED, AND THERE ARE FEW DEPUTIES WITHIN PARTY WHO ARE WILLING TO OPENLY BRAVE WRATH OF PAPANDREOU, PARTICULARLY IF THERE IS ANY POSSIBILITY AT ALL THAT ELECTIONS MIGHT BE IN OFFING.

SECRET

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THEREFORE, BULK OF PARTY WOULD PREFER TO SEE STEPHANOPOULOS-TYPE SOLUTION. HOWEVER, THERE ARE TWO GREAT OBSTACLES TO ACHIEVING THIS: (1) OPPOSITION OF PAPANDREOU AND (2) WEAKNESS OF STEPHANOPOULOS, WHO MIGHT WELL REFUSE TO FACE UP TO PAPANDREOU EVEN IF PARTY BEHIND HIM. PAPACONSTANTINOU CLAIMS VIMA PUBLISHER LAMBRAKIS ACCOMPANIED BY STEPHANOPOULOS WILL SEE PAPANDREOU ON ISSUE TODAY.

IN ANY EVENT, DEPUTIES KEEPING THEIR EARS CLOSE TO GROUND IN EFFORT TO DIVINE CONSTANTLY SHIFTING POLITICAL CURRENTS. EACH DAY ONE OR OTHER PROPOSAL FOR SOLUTION TO IMPASSE GAINS SUPPORTERS AND THEN IS QUICKLY DROPPED AS OBJECTIONS APPEAR. THUS, YESTERDAY PROSPECTS FOR STEPHANOPOULOS SOLUTION WERE "DOWN" (EMBTEL 97). TODAY THEY ARE "UP", ALTHOUGH NO ONE WOULD PREDICT THAT THEY WOULD CONTINUE TO BE SO TOMORROW. MEANWHILE FRAIL NOVAS GOVERNMENT STRUGGLES SLOWLY FORWARD.

GP-3. ANSCHUETZ
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